

HOUSE BILL NO. 32

INTRODUCED BY F. WILMER

BY REQUEST OF THE STATE ADMINISTRATION AND VETERANS' AFFAIRS INTERIM COMMITTEE

A BILL FOR AN ACT ENTITLED: "AN ACT INCREASING RETIREMENT BENEFITS FOR INDIVIDUALS RETIRING FROM THE FIREFIGHTERS' UNIFIED RETIREMENT SYSTEM; INCREASING EMPLOYEE AND STATE CONTRIBUTIONS TO THE FIREFIGHTERS' UNIFIED RETIREMENT SYSTEM; AMENDING SECTIONS 19-13-601, 19-13-604, 19-13-704, 19-13-803, AND 19-13-1007, MCA; AND PROVIDING AN EFFECTIVE DATE AND AN APPLICABILITY DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 19-13-601, MCA, is amended to read:

"19-13-601. Deduction remitted to firemen's association -- member's contribution. (1) Each employer shall retain from the compensation of each active member a sum equal to 1% of the member's compensation for services as a firefighter and shall remit this amount on a monthly basis to the Montana state firemen's association for the payment of premiums on a group life and accidental death and dismemberment insurance policy for members and to defray expenses incurred by the association when representing members of the retirement system.

(2) Each member's contribution to the retirement system as a percentage of the member's compensation must be:

(a) ~~9.5%~~ 10.5% for a member not covered under 19-13-1010; or

(b) ~~10.7%~~ 11.7% for a member covered under 19-13-1010.

(3) If a member receives compensation under the provisions of the Workers' Compensation Act, Title 39, chapter 71, the amount received must be included as part of the member's compensation for purposes of determining contributions and service credits under the retirement system. Contributions made under 19-13-604, 19-13-605, and this section must be based on the total compensation received by the member from the employer and from workers' compensation during the period of disability.

(4) Each employer, pursuant to section 414(h)(2) of the federal Internal Revenue Code, as amended and applicable on July 1, 1987, shall pick up and pay the contributions that would be payable by the member under

1 subsection (2) of this section for service rendered after June 30, 1987.

2 (5) The member's contributions picked up by the employer must be designated for all purposes of the
3 retirement system as the member's contributions, except for the determination of a tax upon a distribution from
4 the retirement system. These contributions must become part of the member's accumulated contributions but
5 must be accounted for separately from those previously accumulated.

6 (6) The member's contributions picked up by the employer must be payable from the same source as
7 is used to pay compensation to the member and must be included in the member's compensation as defined in
8 19-13-104. The employer shall deduct from the member's compensation an amount equal to the amount of the
9 member's contributions picked up by the employer and remit the total of the contributions to the board."

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11 **Section 2.** Section 19-13-604, MCA, is amended to read:

12 **"19-13-604. State contribution.** The state shall make its contributions from the general fund. The
13 general fund contributions must be made annually after the end of each fiscal year but no later than November
14 1. The board shall notify the state auditor by September 1 of each fiscal year of the annual compensation,
15 excluding overtime, holiday payments, shift differential payments, compensatory time payments, and payments
16 in lieu of sick leave, paid to all active members during the preceding fiscal year. The state's contribution is ~~32.64%~~
17 33.61% of this total compensation. The contributions are statutorily appropriated, as provided in 17-7-502."

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19 **Section 3.** Section 19-13-704, MCA, is amended to read:

20 **"19-13-704. Amount of service retirement benefit.** (1) Except as provided in subsection (2), a member
21 who retires with at least 5 years of membership service must receive a service retirement benefit equal to ~~2.5%~~
22 3% of the member's highest average compensation for each year of service credit.

23 (2) A member hired before July 1, 1981, who does not elect to be covered under 19-13-1010 is entitled
24 to the greater of:

25 (a) the benefit provided under subsection (1); or

26 (b) (i) if the member retires with less than 20 years of membership service, a benefit equal to 2% of the
27 member's highest monthly compensation for each year of service; or

28 (ii) if the member retires with 20 or more years of membership service, a benefit equal to 50% of the
29 member's highest monthly compensation plus 2% of the member's highest monthly compensation for each year
30 of service over 20 years.

(3) Upon a retired member's death, the benefit must be made to the surviving spouse. If there is no surviving spouse or if the surviving spouse dies and if the member leaves one or more dependent children, the children are entitled to receive the benefit as long as they remain dependent children as defined in 19-13-104."

Section 4. Section 19-13-803, MCA, is amended to read:

"19-13-803. Amount of disability retirement benefit. (1) A member who becomes disabled:

(a) before completing 20 years of membership service must receive a disability retirement benefit equal to one-half the member's highest average compensation;

(b) after completing 20 years or more of membership service must receive a disability retirement benefit equal to ~~2.5%~~ 3% of the member's highest average compensation for each year of service credit.

(2) Upon the death of a member receiving a disability retirement benefit under this section, the member's surviving spouse or dependent child is eligible for benefits as provided in 19-13-104."

Section 5. Section 19-13-1007, MCA, is amended to read:

"19-13-1007. Minimum benefit adjustment. (1) The following applies to a member with 10 or more years of membership service who has not elected to be covered under 19-13-1010:

(a) For the member or the member's surviving spouse or dependent children, the service retirement benefit provided in 19-13-704, the disability retirement benefit provided in 19-13-803, and the survivorship benefit provided in 19-13-902 may not be less than one-half the monthly compensation paid to a newly confirmed, active firefighter of the employer that last employed the member as a firefighter, as provided each year in the budget of that employer.

(b) If after a member retires, the employer that last employed the member no longer employs a full-paid firefighter, the member's or survivor's benefit under subsection (1)(a) must be adjusted on the basis of the average monthly compensation paid to all newly confirmed full-paid firefighters, as provided each year in the budgets of those employers that participate in the retirement system and employ a full-paid firefighter.

(2) If the employment of a vested member hired before July 1, 1981, who has not elected to be covered under 19-13-1010 is involuntarily discontinued because of the termination of employment of all full-paid firefighters of the employer that employed the member, the member's service retirement benefit provided in 19-13-704 and the member's spouse's or dependent child's survivorship benefit provided in 19-13-902(1) may not be less than:

(a) if the member has earned 20 years or more of membership service, one-half the average monthly compensation paid to all newly confirmed, full-paid firefighters, as provided each year in the budgets of those employers that participate in the retirement system and employ a full-paid firefighter; or

(b) if the member has earned more than 5 but less than 20 years of membership service, ~~2.5%~~ 3% of the average monthly compensation paid to all newly confirmed, full-paid firefighters, as provided each year in the budgets of those employers that participate in the retirement system and employ a full-paid firefighter, for each year of the member's service."

NEW SECTION. **Section 6. Effective date.** [This act] is effective July 1, 2009.

NEW SECTION. **Section 7. Applicability.** [This act] applies to individuals retiring on or after July 1, 2009.

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